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**IN A PRECEDENT SETTING CASE, THE UNITED STATES OBTAINS \$50,000 AND A LIFETIME
INJUNCTION AGAINST A MARKET
OWNER FOR PROVIDING A PLACE TO SELL CHEMICALS
USED TO MANUFACTURE METHAMPHETAMINE**

SACRAMENTO- In a case believed to be the first of its kind in the country, United States Attorney McGregor W. Scott announced today that the United States has obtained \$50,000 and a permanent injunction in a civil asset forfeiture case against Cherokee Market, located at 2204 Cherokee Road, in Stockton, and its owner Dien Jim Nguyen, 42. In the case, the United States filed suit directly against the market, alleging that it provided a place to distribute listed chemicals used to manufacture methamphetamine.

According to the Drug Enforcement Administration, this case represents the first time a civil forfeiture action has been used against a retail market for its sales of pseudoephedrine.

United States Attorney McGregor Scott said, "We will use all remedies available against those who violate the law and contribute to the methamphetamine problem in California."

In the complaint, the United States alleged that over a six-month period between November 1997 and April 1998, Cherokee Market, a small convenience store, purchased an extraordinary quantity of pseudoephedrine, a nasal decongestant used as a chemical to manufacture methamphetamine. During that time period, Cherokee Market purchased over 6,300 bottles, containing over 544,000 tablets, of the chemical. According to 1997 Economic Census data, that quantity was approximately 53 times the amount of pseudoephedrine a convenience store the size of Cherokee Market would be expected to purchase.

Sales records subpoenaed by the Drug Enforcement Administration revealed that on two separate occasions during the six-month period, Cherokee Market purchased 432 bottles of pseudoephedrine from one distributor, and the following day purchased another 144 bottles from a different distributor. On a single day alone, March 24, 1998, the store purchased 576 bottles from one distributor and another 144 from another, paying over \$6,000 for pseudoephedrine on that day.

The case arose out of an investigation and civil prosecution of one of Cherokee Market's distributors, Grab Bag Distributing and its owner Rodney Nickerson, 66, of Modesto. In July

2002, a jury returned a verdict against Nickerson for \$441,000 in civil penalties for violations of the Controlled Substances Act arising from his sale of pseudoephedrine to Cherokee Market and other convenience stores. But because of a loop-hole in the Act, market store owners, who do not have a DEA registration, are not liable for the same civil penalties. As such, the United States brought a civil forfeiture action directly against Cherokee Market itself, contending that the store facilitated the violations of the Act and should be forfeited to the United States.

In addition to the \$50,000 payment, Nguyen agreed to a life-time, permanent injunction against his sale of pseudoephedrine and any other chemicals or supplies that could be used to manufacture methamphetamine. Like Nickerson, and the other distributor involved in the case, C.W. Brower of Modesto, against whom a \$225,000 judgment was previously obtained, Nguyen also agreed to cooperate fully with law enforcement in on-going investigations.

Under the terms of the stipulation and final judgment, while Nguyen did not admit the truth of the allegations in the complaint, he did admit that a "factual basis exists for the forfeiture...of the property."

The case was investigated by DEA and prosecuted by Assistant U.S. Attorneys Courtney J. Linn and Michael A. Hirst.

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